



Appropriations Update

Committee on the Budget • Majority Caucus
U.S. House of Representatives
Jim Nussle, *Chairman*

309 Cannon House Office Building
Washington, DC 20515 • (202) 226-7270
James T. Bates, *Chief of Staff* • www.budget.house.gov

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FURTHER CONTINUING APPROPRIATIONS FOR FISCAL YEAR 2007 (H.J.RES. 102)

SUMMARY

H.J.Res. 102 is the third continuing resolution [CR] for the fiscal year that began on 1 October 2006. It extends through 15 February 2007 (an additional 10 weeks) the current continuing appropriations resolution, and includes new authorizations that increase funding by an additional \$271 million in budget authority (less than half of one percent). The total annualized rate for this continuing resolution is \$457.2 billion. It funds programs and activities normally funded through the nine appropriations bills that have not yet been enacted at the lower of 2006 current rate, or 2007 House-passed or Senate-passed. Only two regular appropriations bills for fiscal year 2007 – Defense and Homeland Security – have been enacted to date.

On an annual basis, appropriations provided by H.J.Res. 102, when added to the amounts provided by the two bills already enacted, are within the overall 302(a) spending limits established by the budget resolution for the Committee on Appropriations. One subcommittee funded under this continuing resolution, however, exceeds its

section 302(b) suballocation as filed by the Committee on Appropriations. As such, the measure would violate the Congressional Budget Act had the measure been reported by the Appropriations Committee. Because this measure was not reported by the committee, the point of order does not apply.

The CR provides for ongoing government operations covered by bills awaiting final action until either: 1) the enactment of a regular appropriation covering the project or activity; or 2) the expiration of the continuing resolution. The CR does not affect mandatory spending programs – programs not subject to the annual appropriations process.

The CR continues the temporary authorization of spending for certain specified activities that would otherwise expire. The CR also adds new authorizing language to ensure that federal employee layoffs do not occur because of the CR and other purposes. This language increases spending by \$271 million in budget authority and \$239 million outlays.

Table 1: Continuing Resolution for Fiscal Year 2007
Excludes Defense and Homeland Security Appropriations
(fiscal years; millions of dollars)

	2006 Incl. Emergency	2006 Excl. Emergency	302 (a) for 2007	CR
Budget Authority	503,105	452,466	463,341	457,231
Outlays	521,429	509,595	531,835	524,929

COST OF THE LEGISLATION

As shown in Table 1 above, on an annualized basis, the continuing resolution provides \$457.2 billion in budget authority [BA]. This amount is \$6.1 billion, or 1.3 percent, below the \$463.3 billion in BA provided by the concurrent resolution on the budget for fiscal year 2007 (H.Con.Res. 376).

Table 2, below, shows that for each of the bills covered under the CR, spending will be less than its respective 302(b) suballocation, except for the Labor, Health and Human Resources appropriations bill, which funds most of the government's human resources activities. This results from the way funding levels for the CR are determined –

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specifically, they are funded at the lowest of the 2006 rate of operations or the amount provided in separate fiscal year 2007 appropriations bills passed by either the House or Senate as of 15 November 2006. As of 15 November, neither the House nor the Senate had passed a separate measure for the Departments of Labor, Health and Human Services, and Education, and Related Agencies; therefore the CR provides BA at the 2006 rate. But the 2006 level also includes a significant amount of emergency-designated funding not included the 302(b) allocation for 2007. Hence, the CR amount exceeds the 302(b) by \$8.6 billion.

The converse situation arises with the CR funding level for the Military Quality of Life, Veterans Affairs, and Related Agencies appropriations bill. The House-passed version of the regular appropriations bill (the Senate had not yet acted on the measure by 1 October) includes significant increases for Base Realignment and Closure and veterans medical care compared with 2006 – and these increases are accommodated in the allocation for fiscal year 2007. Because the regular appropriation has not been enacted – and because the CR methodology requires using the lower 2006 level – the CR level appears to be \$8.4 billion lower than the 302(b) allocation.

**Table 2: Discretionary Spending Provided in the Continuing Resolution
By House Appropriations Subcommittee**
(in millions of dollars)

	2007 302(b) Budget Authority*	2007 302(b) Outlays	2007 CR Budget Authority	2007 CR Outlays	Difference BA	Difference Outlays
Agriculture	17,812	19,497	17,803	19,402	-9	-95
Energy and Water Development	30,017	31,411	28,926	30,751	-1,091	-660
Foreign Operations	21,300	23,441	19,609	23,144	-1,691	-297
Interior	25,889	26,902	25,471	26,566	-418	-336
Labor, Health and Human Services	141,930	145,631	150,573	147,619	8,643	1,988
Legislative Branch	4,030	4,013	3,756	3,797	-274	-216
Military Quality of Life - VA	94,705	88,728	86,260	84,457	-8,445	-4,271
State, Science, Commerce, Justice	59,839	62,143	57,709	60,479	-2,130	-1,664
Treasury, Transportation, Housing and Urban Development, DC	67,819	130,069	67,124	128,714	-695	-1,355
Total	463,341	531,835	457,231	524,929	-6,110	-6,906

* Does not include amounts designated as emergency enacted after the adoption of the 2007 budget resolution.

COMPLIANCE WITH THE BUDGET RESOLUTION

While H.J.Res. 102 will come in under the budget resolution, as noted above, the Departments of Labor, Health and Human Services, and Education, and Related Agencies appropriations bill exceeds its 302(b) suballocation. Consequently, a point of order under section

302(f) of the Congressional Budget Act would lie against the bill had the bill been reported by the Appropriations Committee. The point of order will not apply because the bill was not reported. Thus, the bill complies with the Budget Act.

AUTHORIZATION AND OTHER ISSUES

In addition to extending authorizations from previous CRs, H.J. Res. 102 includes new authorizations, which add a net \$271 million in BA and \$239 million in outlays. These are summarized below.

Provisions Affecting Funding Levels

Section 2 adds \$51 million in BA and \$5 million in outlays for Department of Defense chemical demilitarization

Prepared by Winnie Chang, Appropriations Analyst
Daniel J. Kowalski, Director of Budget Review

projects in Colorado and Kentucky that would otherwise go unfunded under the CR as no funds were provided in FY 2006.

Section 5 adds \$355 million in BA and \$291 million in outlays for the Departments of Justice, Commerce, Interior, Transportation, Defense, and Housing and Urban Development and the Small Business Administration to avoid furloughing employees.

Section 6 reduces funding for the Military Quality of Life-Veteran Affairs bill by \$135 million in BA and \$57 million in outlays. This results from moving the date by which Congressional action must occur on an appropriations bill to be included in the CR's funding formula. Changing the date from 1 October 2006 to 15 November adds appropriations in the Senate-passed version of the Military Construction-Veterans Affairs bill, which was passed on 14 November 2006 to the mix. The Senate-passed level is the lowest in some cases and, therefore, lowers the CR amount for agencies under the House's jurisdiction for Military Quality of Life-Veteran Affairs bill.

Provisions Having No Effect on Funding Levels

Section 3 ensures that the beneficiaries of appropriated entitlement programs are paid on time. The CR deadline occurs about the same time that these programs obligate funds for March 1 payments. The Antideficiency Act would normally prohibit agencies from taking this action because the CR does not provide funds for events past mid-February. This provision is routinely included in CRs.

Section 4 expands NASA's budget restructuring, as authorized in the previous CR, to include one additional International Space Station program.

Section 7 adds the following sections to the original CR (Division B of the Department of Defense appropriations bill for fiscal year 2007):

- Section 133 extends the war risk insurance program for airline carriers; the program would otherwise expire on December 31, 2006. This program is routinely extended in appropriations bill.
- Section 134 accelerates the termination of the House Democracy Assistance Commission from

2009 to 2007.

- Section 135 continues to limit the use of snowmobiles in Yellowstone Park.
- Section 136 provides the Department of Veterans Affairs [VA] with the authority to transfer up to \$684 million into veterans medical care from non-medical care accounts. Since October 1, VA has been using unobligated balances carried over from FY 2006 to cover the approximately \$250 million per month shortfall in the VA Medical Care accounts. This section increases VA's general transfer authority to cover the shortfall during the CR period.
- Section 137 delays the pay raise for Members of Congress until February 16, 2007 (the day after the CR deadline). The savings associated with this provision is less than \$500 thousand.

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